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April 28, 2000

**Linda C. Schrenko
State Superintendent of Schools**

FD2000 Project Coordinator
Food Distribution Division - FNS
3101 Park Center Drive
Ford Avenue Bldg. - Room 601
Alexandria, Virginia 22302

Dear Project Coordinator:

I work with federal, state, and private school systems in the state of Georgia as consultant-at-large. Therefore, I am very concerned with any changes which will affect my federal, state and private schools and submit the below response to USDA's Proposal for Change.

1. Expand the use of long-term contracts

This appears to be a good concept. If long-term contracts were simply applied to the existing FDP system, it would probably result in more timely deliveries and lower costs. However, in reading the narrative included in the February 14 USDA Proposal for Change, it states *"Depending on how long-term contracts are implemented, USDA could buy certain products when the market needs support, but have vendors deliver them when needed by the customer. This would essentially transfer much of the storage problem to vendors who are more suited to handle it."* If USDA simply transfers the storage problem to vendors (which would be the result if foods are not 100% substitutable to which we are totally opposed), the result will be increased cost to the end user—the school lunch programs—because vendors will not store foods free of charge. We are opposed to implementing long-term contracting in a manner that would transfer the storage problem to vendors. The narrative states that *"USDA has already implemented long-term contracts for many cheese items."* Did implementation transfer storage problems to vendors for cheese items? If not, why can't that same implementation concept be applied to the rest of the products USDA plans to procure under long-term contracts?

The proposal's narrative also states *"Moreover, long-term contracts may be especially beneficial if implemented with an internet-based ordering system."* We do not understand what type of ordering system is meant here. Is this a system where states would place orders with vendors or USDA? where SFAs would place orders with states, vendors, or USDA? where each school would place orders with states, vendors, or USDA? Why is it thought that an internet-based ordering system would improve long-term contracting? Also, see comment # 12 regarding other concerns with computer connectivity.

2. Test best-value contracting

Good concept that could improve the existing FDP. Narrative states *"... and commercial packaging make vendors more responsible for product liability and food safety concerns."* Exactly how does commercial packaging make vendors **more responsible** for product liability and

food safety concerns? Disagree with that statement and with commercial packaging. Also, how is weighting to determine best value accomplished? How will points be assigned? Will any of the areas for evaluation create more paperwork or reporting for SDAs or SFAs such as percentage of on-time deliveries? If not carefully structured, evaluation criteria could have the effect of limiting competition by excluding small vendors.

3. Update product specifications

If applied to the existing FDP system, certain product specification updates would improve the program. For example, updating the pack size to industry standard, such as 40 pound cases of pork products instead of the current 36 pound case, does not appear to create a problem. However, the full implications of updating product specifications as defined in USDA's proposal are uncertain. For example, increasing the fat content of products such as beef, or supplying fruits of various specifications (light syrup versus other specifications) directly impact nutrient content and the Healthy School Meal Initiative. Beyond conforming to industry pack size, in order to agree or disagree with this change, details of the changes to update each product specification are needed. Specific examples of potential changes in specifications should be made available for comment. Will specifications require grading as current commodities are graded?

4. Work with states to test the seamless commodity distribution concept

Currently, too many unknowns to agree or disagree. Questions include: Does anyone monitor the PAL to ensure a school system receives their full PAL? If yes, who? How are federal procurement guidelines met in determining which distributor receives a school system's USDA foods since more than one commercial distributor often supplies the foods used in the school lunch programs. How will this lessen paperwork? How is USDA going to purchase and ship commodities in a manner that alleviates the bunching of shipments (unless 100% substitutable to which we are opposed) to avoid long storage periods or is USDA purchasing only commercially labeled products so they are interchangeable? If commercial labeling is used, what happens if the selected distributor does not carry that product line? Will distributor brands be available? What efforts have been made to identify slotting charges for a distributor to add product lines? Who will pay that cost? At the school level, who monitors the grade or specification of products schools receive to ensure it is correct (in terms of substitutions that a distributor will make when product ordered is unavailable)? Who will compensate SFAs for lower grade products? Will all USDA foods go through a processor?

5. Facilitate the processing of commodities with limited demand

Good concept which if simply applied to the existing FDP system would greatly improve the program. Consideration should also be given to utilizing some of these items in other program areas such as needy family distributions, congregate feeding, etc.

6. Provide a single USDA point of contact

It is a good idea for USDA to better coordinate the agency's work. A single USDA point of contact would improve the existing FDP system. However, we are unsure what this single point of contact means. Is USDA planning to have SFAs nationwide deal with one USDA person on various issues or is this point of contact for industry persons? SFAs who have a good rapport and working relationship with their SDA may prefer to deal with the SDA for various reasons, including the experience/education levels of various SFA personnel already discussed above.

7. Work with states and partners to pilot-test improvements

SDAs and SFAs were unaware until a few weeks ago that there were already nine pilots approved and/or in operation. How were these topics and pilots selected? Was there a public announcement eliciting pilots? What baseline data was established prior to beginning the pilots against which pilots can be evaluated for improvement? Did USDA simply approve all the pilots submitted or was there some type of selection criteria? Is nine a manageable number in terms of USDA staff to monitor pilots? What states have been established as control groups for the current USDA Food Distribution Program against which to measure pilots? What are the objectives and anticipated outcomes for each pilot?

What impartial, independent person or groups have been selected to evaluate the pilots and how were they selected? Will all pilot evaluations results be published?

8. Streamline paperwork and reporting requirements

Streamlining paperwork and reporting requirements is an excellent idea, but with some of the other proposed changes, it is questionable whether these will be streamlined or actually increase. The details, still missing from most of these proposed changes, will determine whether paperwork and reporting will be streamlined or not. When will USDA revise Part 3052 and 250 regulations to address reporting, recordkeeping, and compliance?

There is not enough information on USDA's website and in the proposal for change to comprehensively comment on the pilots. Prior to beginning the pilots, baseline information/data, expected outcomes, and evaluation methods should be established and published.

Will tabulated comment information be available for access by the general public? Thank you for considering the upon.

Sincerely,



Judieth Hunt, MSA, L.D.